



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Stephen M. Haase
Larry D. Lisenbee

SUBJECT: FUNDING AGREEMENT FOR
COYOTE VALLEY SPECIFIC
PLAN AND RELATED
DOCUMENTS

DATE: June 17, 2003

Approved

Date

6.20.03

Council District: 2
SNI Area: N/A

RECOMMENDATION

It is recommended that the City Council take the following actions to establish 2003-2004 funding for the preparation of the Coyote Valley Specific Plan, Habitat Conservation Plan, and related environmental documents:

- A. Approve a funding agreement with Coyote Housing Group, LLC for the work associated with the preparation of the Coyote Valley Specific Plan, Habitat Conservation Plan, and related environmental documents in an amount of approximately \$10.9 million for a term from June 24, 2003 to December 31, 2005.
- B. Adopt 2003-2004 Appropriation Ordinance and Funding Sources Resolution Amendments in the General Fund as follows:
 - 1. Establish a City-Wide appropriation for the Coyote Valley Specific Plan in the total amount of \$379,000;
 - 2. Increase earned revenue from Other Revenue by \$379,000.



- C. Delegate the authority of approving minor amendments to the funding agreement to the Director of Planning, Building and Code Enforcement to account for increases in funding received from Coyote Housing Group, LLC and minor schedule or task changes that remain consistent with the information contained in and the goals identified in this memorandum, and delegate to the Director the authority to extend the term of this agreement for up to 18 months and to approve certain consultants previously hired by Coyote Housing Group, LLC related to this planning effort.

BACKGROUND

In August 2002, the Mayor and City Council initiated the preparation of a specific plan for Coyote Valley. The Coyote Valley Specific Plan (CVSP) area consists of 7,000 acres of mostly undeveloped land in the southern reaches of the City of San Jose. The CVSP area is generally bounded by Tulare Hill to the north, Highway 101/foothills to the east, the City of Morgan Hill to the south, and the hills to the west. It is divided into three sub-areas, each with a different existing land use designation per the San Jose 2020 General Plan: the North Coyote Valley Campus Industrial area, the mid-Coyote Urban Reserve, and the Coyote Greenbelt to the south.

At the time of initiation, the City Council adopted a vision for Coyote Valley consistent with the San Jose 2020 General Plan. Major features of the vision include urban development in North and mid-Coyote of at least 50,000 jobs and 25,000 housing units, of which 20% would be affordable. The urban community should be highly livable, pedestrian and transit friendly with a variety of housing types, schools, parklands, trails, bicycle paths, transit, commercial centers, job centers, and other community services. The southern Coyote Greenbelt is included in the planning effort so as to facilitate its long term preservation.

The Coyote Valley Specific Plan will identify the location and intensity of land uses, plan for infrastructure and community service needs, formulate financing and implementation programs, and determine the phasing of the plan elements, as necessary. Coyote Valley Zoning Districts and Design Guidelines will also be prepared to give clear direction for future development. As with any planning effort, an Environmental Impact Report is also required.

On June 25, 2001, the City committed to participate in the development of a multi-species Habitat Conservation Plan (HCP) and Natural Community Conservation Plan (NCCP) in a letter to the United States Fish and Wildlife Service (USFWS), which was also provided to the California Department of Fish and Game. The City committed to jointly prepare the Habitat Conservation Plan/Natural Community Conservation Plan (HCP/NCCP) with Santa Clara County (County). The County committed to the joint preparation of an HCP/NCCP in a similar letter from Supervisor Jim Beall, dated June 25, 2001, as did the Santa Clara Valley Water District (SCVWD) in a letter dated June 27, 2001.

The City's commitment to the HCP/NCCP was made in response to a request from the USFWS. They requested that an HCP be prepared to address certain direct and indirect impacts to federally listed endangered species and their habitat from anticipated private development and

public projects in the Coyote Valley of San Jose and southern areas of the County. The City's commitment allowed the USFWS to issue a Biological Opinion for the Bailey/101 Interchange construction to proceed.

The USFWS stated in meetings last fall that they expect an HCP, which includes Coyote Valley, to be completed prior to the City's adoption of the Specific Plan. In addition, the USFWS is receptive to the Coyote Valley HCP moving ahead prior to the Santa Clara Valley HCP effort. Given the habitats in and around the Coyote Valley, a multi-species Habitat Conservation Plan (HCP) must be prepared in close coordination with the Coyote Valley Specific Plan.

The purpose of the HCP is for the City to be granted incidental "take" authority of certain species protected under the Federal Endangered Species Act, California Endangered Species Act, Natural Community Conservation Planning Act, Migratory Bird Treaty Act, and California Fish and Game Code sections establishing protections for the burrowing owl. The HCP necessitates its own Environmental Impact Report/Environmental Impact Statement, and extensive public participation process.

The City is currently completing the Memorandum of Understanding between the County and SCVWD for the preparation of a Santa Clara Valley HCP with the assistance of an outside consultant with experience in preparing HCPs and working with multiple public agencies. The efforts from the preparation of the CVSP and associated HCP and environmental documents will be closely tied to a Santa Clara Valley HCP effort. For example, the Coyote Valley HCP could become the first phase of a larger HCP covering Santa Clara Valley, or could be incorporated as specific chapters in the Santa Clara Valley HCP.

The City Council has appointed a 20-member Task Force to guide the preparation of the Coyote Valley Specific Plan. The Task Force has met several times to discuss preliminary information regarding the Coyote Valley Specific Plan and Habitat Conservation Plan. Technical Advisory Committees are being established for both the CVSP and the HCP. In addition, the process involves the participation of affected property owners, developers, residents, and other community stakeholders.

In February 2003, the City Council approved the Mayor's Budget Strategy memorandum, setting forth specific guidance to control costs. With respect to long range land use planning, the direction was "to defer or suspend advance land use planning efforts without outside funding." Per this Council direction, Planning staff and the City Attorney's Office have negotiated a funding agreement with self-selected Coyote Valley property owners who are volunteering to finance the initial steps in the preparation of the Coyote Valley Specific Plan, Habitat Conservation Plan, and related environmental documents. This property owner group is called the Coyote Housing Group, LLC.

ANALYSIS

The preparation of the Coyote Valley Specific Plan, Habitat Conservation Plan, and their environmental documents is an exciting opportunity to design and facilitate the creation of a new community (or "new town") of 25,000 housing units and 50,000 jobs that is sensitive to its environment, integrates land uses and all modes of transportation, provides affordable housing, and meets other objectives embodied in the San Jose 2020 General Plan. The magnitude of the Coyote Valley Specific Plan is far greater than any specific plan completed to date (e.g., Coyote Valley is over 8 times as large as Evergreen in terms of land area and residential development potential alone). In addition, the issues associated with Coyote Valley are vastly more complex due to environmental constraints, infrastructure and community facility needs, financing, etc. This planning effort involves extensive community outreach as well as discussions with many other governmental agencies. The overall scope of the effort is expected to cost close to \$11 million and be complete in December 2005. The appropriation adjustment recommended here will only cover six months of staff operating costs. Additional appropriation adjustments will be brought forward for Council consideration during the life of the project. A summary work plan is contained in Exhibit A.

The funding agreement provides overall financing for the entire scope of work associated with the Coyote Valley Specific Plan (CVSP) and the Habitat Conservation Plan (HCP), and specifically indicates the first increment of funding for staff and non-personal costs for July through December 2003 (see Exhibit B). The agreement also establishes a payment schedule for the reimbursement of the staff costs incurred during FY02/03, with the first payment being approximately \$2,000 toward the total of about \$52,000. The \$2,000 has not been included in the appropriation action as it is reimbursing the City for costs already incurred. The remaining payments are anticipated to be made in subsequent arrangements with the Coyote Housing Group, LLC through amendments to the funding agreement.

The majority of the staff costs are in the Department of Planning, Building and Code Enforcement because Planning staff would manage and lead this complex effort. Additional funding is provided to cover the necessary staff costs from the Departments of Public Works and Transportation, who would be involved throughout the planning process. In addition, participation from other City Departments is expected at various times in the process, and limited funds are identified to pay for their costs as well (see Exhibit B).

The Planning staff levels for the Coyote Valley effort will need to account for the large scale, magnitude, and complexity of the issues which will need to be addressed for the successful completion of the project. Existing qualified and experienced staff members are proposed to be reassigned to the Coyote Valley effort. Funding is needed to "backfill" these positions in order to complete other Council priorities as set forth in the FY03/04 Operating Budget. This funding is included in the agreement.

The first phase of consultant work consists of the completion of background information regarding existing conditions, constraints, and opportunities within the Valley. This involves compiling existing data, collecting new data as needed, and documenting and mapping the

information for use in subsequent phases of the project. The technical areas covered in this phase include land use, biology, hydrology, geology, hazardous materials, traffic, civil engineering, and archeology/historic resources. To make the most efficient use of consultant time and resources, these analyses and data are expected to be useful to the CVSP, HCP, and the existing setting sections of the CVSP EIR and the HCP EIR/EIS.

The Coyote Housing Group, LLC is planning to fund the initial phase of consultant work by entering into contracts directly with qualified firms. The funding agreement specifies that only if the Director of Planning, Building and Code Enforcement approves the scopes of services, schedules of performance, and contract amounts would this work qualify as a product of the Specific Plan effort for eventual reimbursement.

The City Council is being asked to delegate approval authority to the Director of Planning, Building and Code Enforcement for minor amendments to this agreement, such as accounting for additional funds provided by Coyote Housing Group, LLC for this effort and amending schedules or tasks in a manner that remains consistent with the information contained in and the goals identified in this memorandum.

The City Council will be kept apprised of the progress of the Coyote Valley Specific Plan and Habitat Conservation Plan at key milestones in the process (see Exhibit A). In addition, the City Council will be asked to approve increases in the appropriation for City staff and consultant costs for the CVSP and HCP/NCCP as additional funding is provided for these efforts by the Coyote Housing Group, LLC. The City Council will also be asked to approve the City consultant agreements for the urban design, land planning, fiscal, and economic work required for the Specific Plan as well as additional consultant agreements for the preparation of the Habitat Conservation Plan.

OUTREACH


The Coyote Valley Specific Plan and Habitat Conservation Plan are being prepared with extensive public outreach. In August 2002, the Council established the Coyote Valley Specific Plan Task Force. The Task Force has met four times and the public has been welcome at all meetings. Representatives of a wide range of interest groups have attended the meetings. In addition, a dedicated website has been established which contains all materials presented to the task force to date (www.ci.san-jose.ca.us/coyotevalley/), including a draft outreach plan which was presented to the task force in January.

COORDINATION

The preparation of this memorandum and funding agreement was coordinated with the City Attorney's Office. Cost estimates were obtained from other City Departments.

CEQA

Exemption, PP03-06-211.

 *Stephen M. Haase*
STEPHEN M. HAASE, DIRECTOR
Planning, Building and Code Enforcement

Larry D. Lisenbee
LARRY D. LISENBEE
Budget Director

I hereby certify that there will be available for appropriation in the General Fund in the Fiscal Year 2003-2004 moneys in excess of those heretofore appropriated therefrom, said excess being at least \$379,000.

Larry D. Lisenbee
LARRY D. LISENBEE
Budget Director

Attachments:

Exhibit A: Summary Work Plan

Exhibit B: Staffing Requirements for July - Dec. 2003

Pbec001/implementation/process improvements/
coyote valley specific plan/ funding agreement2

Exhibit A

Summary Work Plan for the Coyote Valley Specific Plan

Timeframe	Coyote Valley Specific Plan Components	Community Outreach and Council Involvement	Environmental Process
7/03 – 12/03	<u>Existing Conditions, Opportunities and Constraints:</u> <ul style="list-style-type: none"> Evaluate information on land use, biology, geology, hydrology, traffic, infrastructure/utilities, public services, hazardous materials, and cultural resources. 	<ul style="list-style-type: none"> Bimonthly Technical Advisory Committee meetings. Initial Coyote Valley property owner meeting. Initial broad-based community meeting. 	<u>Environmental Impact Report Preparation:</u> <ul style="list-style-type: none"> Begin existing setting section, using the background/assessment data.
10/03 – 12/03	<u>Consultant Selection Process:</u> <ul style="list-style-type: none"> Prepare Request for Proposals for consultant team with expertise in land planning, urban design, market studies, fiscal analysis, and financing strategies. Select consultant team. 	<ul style="list-style-type: none"> Bimonthly Technical Advisory Committee meetings. Bring contract(s) before City Council for consideration. 	
1/04 – 3/04	<u>Review and Analyze Conceptual Urban Structure/Design Alternatives:</u> <ul style="list-style-type: none"> Formulate alternatives, which include conceptual circulation systems, alternative land uses and form, location of public open spaces, etc. Evaluate market, economic and fiscal data. Begin to examine financing options. 	<ul style="list-style-type: none"> Bimonthly meetings with Technical Advisory Committee Coyote Valley property owner meetings. Broad-based community meetings. 	
4/04	<u>Identify Preferred Urban Structure/Design Alternative</u>	<ul style="list-style-type: none"> Bring preferred alternative before City Council for consideration. 	<u>Continue EIR Analysis:</u> <ul style="list-style-type: none"> Begin to analyze impacts and identify mitigations for preferred alternative.

Timeframe	Coyote Valley Specific Plan Components	Community Outreach and Council Involvement	Environmental Review Process
5/04 – 12/04	<p><u>Prepare and Review Draft CVSP:</u></p> <ul style="list-style-type: none"> Draft should include land use, circulation plan, infrastructure plan, community facilities plan, financing plan, phasing plan, implementation measures, and CVSP administration. 	<ul style="list-style-type: none"> Bimonthly meetings with Technical Advisory Committee Coyote Valley property owner meetings. Broad-based community meetings. Provide City Council with status report. 	<p><u>Continue EIR Analysis</u></p>
1/05 – 8/05	<p><u>Prepare and Review Design Guidelines and Coyote Valley Zoning District:</u></p> <ul style="list-style-type: none"> Main elements should include street, rail and trail typologies; building typologies; massing; landscape design concepts; use and design controls; and guidelines for open space, recreational features, and public facilities. 	<ul style="list-style-type: none"> Bimonthly meetings with Technical Advisory Committee Coyote Valley property owner meetings. Broad-based community meetings. Provide City Council with status report. 	<p><u>Continue EIR Analysis</u></p>
9/05 – 11/05	<p><u>Begin Formal Review:</u></p> <ul style="list-style-type: none"> Obtain comments from Bicycle and Pedestrian Advisory Committee, Senior Commission, Parks and Recreation Commission, Housing Advisory Commission, and other City Commissions, as necessary. 	<ul style="list-style-type: none"> Bimonthly meetings with Technical Advisory Committee Invite property owners, community members, and all other interested parties to public hearings. 	<p><u>Circulate Draft EIR for Review and Comment</u></p> <ul style="list-style-type: none"> Inform property owners and community members of availability of EIR and invite comments.
9/05 – 11/05	<p><u>Review Results of Formal Review:</u></p> <ul style="list-style-type: none"> Identify any changes to the Specific Plan, Design Guidelines, and/or Zoning District. 	<ul style="list-style-type: none"> Bimonthly meetings with Technical Advisory Committee 	<p><u>Respond to Comments for Inclusion in Final EIR</u></p>

Timeframe	Coyote Valley Specific Plan Components	Community Outreach and Council Involvement	Environmental Review Process
12/05	<u>Final Public Hearings:</u> <ul style="list-style-type: none"> • Planning Commission certification of EIR • Planning Commission hearing of draft CVSP and any related General Plan amendments, Design Guidelines, and Zoning District. • City Council hearing. 	<ul style="list-style-type: none"> • Formal notification of all interested parties to participate in public hearings. • City Council consideration of final CVSP and any related General Plan amendments, Design Guidelines, and Zoning District. 	<u>Certification of EIR</u>

Exhibit B

Staffing and Non-Personal Costs for the Coyote Valley
Specific Plan, Habitat Conservation Plan, and Environmental Documents
July - December 2003

Staffing Requirements ¹	Assignment	Cost
1.0 FTE Principal Planner	Coyote Valley Specific Plan	\$74,500
1.0 FTE Principal Planner	Coyote Valley Habitat Conservation Plan	\$74,500
1.0 FTE Senior Planner	Coyote Valley Specific Plan	\$65,500
1.0 FTE Senior Planner	Coyote Valley Habitat Conservation Plan	\$65,500
1.0 FTE Geographic Systems Specialist	Coyote Valley Specific Plan and Habitat Conservation Plan	\$50,000
0.5 FTE Senior Civil Engineer	Coyote Valley Specific Plan	\$33,000
Various existing staff participating in technical reviews	Coyote Valley Specific Plan and Habitat Conservation Plan	\$4,000
TOTAL		\$367,000

Non-Personal Items	Assignment	Cost
Computers and Equipment	Coyote Valley Specific Plan and Habitat Conservation Plan	\$10,500
Misc. Supplies, Mailing, and Copying	Coyote Valley Specific Plan and Habitat Conservation Plan	\$1,500
TOTAL		\$12,000

¹These positions are to be created effective July 1, 2003.